

**O-21-17**  
**Annual Operating Budget Fiscal Year 2018**

**Littmann Proposed Amendment**

**Amendment #1**

In the attachment to Ordinance O-21-17: Annual Operating Budget Fiscal Year 2018, titled “Proforma;” after Line 837, insert “City Manager’s Office Contract Services - \$80,000”

**Note:** This amendment is offered as an amendment to the Finance Committee’s amendment on the same topic. This amendment will be retracted if that amendment is not offered on the Council floor.

**Rationale:** Addition of \$80,000 to the City Manager’s Office Contract Services line item. This funding is for the City Council to retain, with the concurrence of at least 5 Council members, an outside attorney if and when needed. This position would report directly to the City Manager. This amendment is offered in response to the Finance Committee’s stated amendment to add a full time attorney. With this amendment, funds for outside counsel will be reserved but not spent if not needed. Further, under this scenario, the Council can retain an attorney with the specialized training that is necessary given the scenario giving rise to the need.

**Amendment #2**

In the attachment to Ordinance O-21-17: Annual Operating Budget Fiscal Year 2018, titled “Proforma;” after Line 837, insert “City Manager’s Office Contract Services - \$80,000”

**Rationale:** Addition of \$80,000 to the City Manager’s Office Contract Services line item. To fund internal audit services, as determined by the Audit Committee, if established, or by the City Manager, if not established. This funding would enable the City to perform internal audit services through outside/contract auditors or through an employee position. This position would report directly to the City Manager if a Council audit committee is not established or to the Audit Committee if and when established.

**Amendment #3**

On Page 1, line 44 and Page 2, line 2 of Ordinance O-21-17: Annual Operating Budget Fiscal Year 2018, strike “\$0.644” and insert “\$0.649”

In the attachment to Ordinance O-21-17: Annual Operating Budget Fiscal Year 2018, titled “Proforma;” at Line 664, strike “\$41,718,356” and insert “\$42,042,256” and to fund capital projects via Pay-Go in the amount of \$1,427,142; further, to decrease General Fund expenditures by \$1,103,241.

**Rationale:** This amendment would provide an addition of \$323,900 to the Real Property Tax Revenue by maintaining the current tax rate of \$0.649 per \$100 of assessable property. The purpose of this amendment is to use all real property tax revenues in excess of the Constant Yield Tax Rate of \$0.627 per \$100 of assessable property to fund Capital Projects via Pay-Go (\$1,427,141.56). This funding reduces a corresponding increase in borrowed money, i.e. bond debt. At the current rate of borrowing, the City would exceed its debt service ceiling by the FY 2020. Measures such as this to reduce borrowing will also save taxpayers in the long run by reducing the amount of interest paid on borrowed money.

The use of the total increase in tax revenue, \$1,427,142, for capital projects will necessitate operational budget cuts in the amount of \$1,103,241 to maintain the proposed General Fund surplus of \$10,627.36.

#### **Amendment #4**

In the attachment to Ordinance O-21-17: Annual Operating Budget Fiscal Year 2018, titled “Proforma;” at Line 2370, Stormwater Management, Charges, strike “\$1,000,000” and insert “\$2,000,000”

**Rationale:** The City of Annapolis charges residents and commercial property owners a quarterly fee that is used for projects that improve and restore the watershed, meaning creeks and streams in the City which eventually lead to the Chesapeake Bay. The fees collected are low, relatively, and are not sufficient to make substantial progress. For instance, homeowners pay \$40 for the whole year and the largest commercial properties pay \$540 for the whole year.

For the past 4 years, FY 2014 to FY2017, the amount of money collected has gone up by just 7%, from \$831,557 to \$892,500, and it even went down this year. However, in the past 3 years, the portion of those funds used for salary and benefits has gone up by 235%, from \$179,677 to \$602,630. As a result, the amount of money remaining for operating funds has gone down significantly.

Concurrently, last year, the City completed a comprehensive review of projects that are needed to meet federal and state requirements and local interests for cleaner creeks, streams, and the

Chesapeake Bay. The total cost of these projects, roughly \$25M, is proposed to be spent over 10 years in the City's Watershed Implementation Plan (WIP).

These projects can be paid for with "today's dollars" by adjusting the amount of the fees mentioned above or by borrowing money through bonds. The City's bond debt has already increased from \$44M in FY 2017 to an estimated \$180M in FY 2018, an increase in total debt of 309% in just 11 years. More debt is not responsible.

Therefore, this legislation is proposed to fund these expenses with today's dollars by increasing the residential rate by \$10 per quarter, or \$40 per year and similar increases for commercial properties. It is a responsible increase for necessary projects and saves ratepayers in the long run by not asking you to pay interest on borrowed money. In addition, I am proposing that the name of these fees and the associated fund be referred to as "Watershed Restoration" to better reflect the intent of these funds.

Source Documents:

FY 2014-FY 2016 Comprehensive Annual Financial Reports

FY 2017-FY 2018 Proposed Annual Budget Submission